

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1196

Introduced by Assembly Member Allen

February 18, 2011

~~An act relating to taxation.~~ *An act to add Section 17052.1 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1196, as amended, Allen. Income taxes: credit: earned income.

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law, including certain credits that are allowed in modified conformity to credits allowed by federal income tax laws.

This bill would, for taxable years beginning on or after January 1, 2012, allow a credit computed by multiplying the federal credit amount, as defined, by 15% and subtracting therefrom the alternative minimum tax, as specified. This bill would provide that the credit would be refundable and would make an appropriation therefor.

~~The Personal Income Tax Law authorizes various credits against the taxes imposed by that law.~~

~~This bill would state the intent of the Legislature to enact legislation that would allow a refundable earned income tax credit in modified conformity to federal income tax laws.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~^{yes}. Fiscal committee: ~~no~~^{yes}. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 17052.1 is added to the Revenue and*
2 *Taxation Code, to read:*

3 *17052.1. (a) For each taxable year beginning on or after*
4 *January 1, 2012, there shall be allowed as a credit against the*
5 *“net tax,” as defined by Section 17039, an amount determined*
6 *under subdivision (b).*

7 *(b) Except as otherwise provided in this section, the amount of*
8 *the credit allowed under subdivision (a) shall be computed by*
9 *multiplying the “federal credit amount,” as defined in subdivision*
10 *(c), by 15 percent and subtracting therefrom the amount of tax*
11 *imposed by Section 17062, relating to the alternative minimum*
12 *tax, if any, for the same taxable year.*

13 *(c) For purposes of this section, “federal credit amount” means*
14 *the amount determined under Section 32 of the Internal Revenue*
15 *Code as in effect on January 1, 2011.*

16 *(d) A credit shall not be allowed under this section to any of the*
17 *following:*

18 *(1) Any person who is treated as a nonresident for any portion*
19 *of the taxable year.*

20 *(2) Any person who is married, within the meaning of Section*
21 *17021.5, and files a separate return for the taxable year.*

22 *(e) If the amount allowable as a credit under this section exceeds*
23 *the tax liability computed under this part, the excess shall be*
24 *credited against other amounts due, if any, and the balance, if any,*
25 *shall be refunded to the taxpayer. Notwithstanding Section 13340*
26 *of the Government Code, and without regard to fiscal year, there*
27 *is hereby continuously appropriated from the General Fund those*
28 *amounts necessary to make the refunds pursuant to this*
29 *subdivisions.*

30 *(f) Notwithstanding any other state law, and to the extent*
31 *permitted by federal law, amounts refunded pursuant to subdivision*
32 *(e) shall be treated the same as the federal credit defined in*
33 *subdivision (c) for the purpose of determining eligibility to receive*
34 *benefits under Division 9 (commencing with Section 10000) of the*
35 *Welfare and Institutions Code or amounts of those benefits.*

1 ~~SECTION 1. It is the intent of the Legislature that would allow~~
2 ~~a refundable earned income tax credit in modified conformity to~~
3 ~~federal income tax laws.~~

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